

FISCAL NOTE
HB 562 - SB 1608

February 13, 2007

SUMMARY OF BILL: Allows any county or city local education agency to convert to a special school district.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - Shift in local government revenues and expenditures from a county or city government to the special school district - Exceeds \$100,000/Permissive.

In addition, any new special school district would likely have a lower bond rating than for other local governments, resulting in higher interest rates and increased costs to the district in an amount that cannot reasonably be quantified.

Assumptions:

- A county or city school system that becomes a special school district would be totally separate from the county. The county would no longer issue debt for the school district and the district would set its own tax rate with the approval of the General Assembly. The school system would not be required to share proceeds with any incorporated area but also could not tax areas outside the special school district. There would be an increase in revenues and expenditures for the LEA (special school district) and a decrease in revenues and expenditures for any affected county or city governments.
- Any school debt currently on the county's books would follow the newly created special school district. It is unclear as to whether the county would be relieved of its obligation to provide a school system.
- Costs could be incurred for attorney's fees associated with the preparation of the official documents if a special school district is created. This cost would be dependent on whether the school system utilizes its own attorney or must seek outside legal assistance.
- The school system would no longer be included in the county's audit report and would require a separate audit. This cost is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director